

Forthcoming in *Housing Studies*

## Homeownership Attainment of Adult Children in Urban China: Parental Attributes and Financial Support

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### Abstract

Soaring homeownership and housing prices have made it more difficult for newcomers to climb the housing ladder without parental support. This study relies on China Household Finance Survey microdata in 2015 to examine the role of parental attributes and financial support on adult children's homeownership attainment. Results show that, after controlling for covariates, parental lending for housing would triple the adult children's odds of homeownership. Parental financial support plays a marginal role in maintaining homeownership. Adult children are more likely to transfer income to their parents than to receive, which is detrimental to the adult children's homeownership. The relative importance of parental attributes is secondary to that of parental support and the adult children's institutional attributes—*hukou* status and access to housing provident fund. While the housing market is maturing, some advantages embedded in the socialist institutional arrangements have persisted. Young adults and rural migrants, who are burdened by financially supporting their parents, will struggle more in their housing careers.

**Keywords:** Homeownership; Demographics; Intergenerational mobility; Parental income transfers; Parental attributes

### Acknowledgments

The author acknowledges the support of Survey and Research Center for China Household Finance at Southwestern University of Finance and Economics, which provides access to China Household Finance Survey (CHFS) data. A special thanks to Youqin Huang, Lei Zhang, and three anonymous reviewers. All errors are my own.

## Introduction

Soaring housing prices in urban China have aggravated wealth inequality and made homeownership an increasingly important determinant of social status (Knight, Li and Wan 2017; Song and Xie 2014). Many Chinese cities have seen a 300% increase in housing prices over the past decade—significantly faster than income growth (Chen and Wen 2017; Glaeser et al. 2017 ; Wu, Gyourko and Deng 2012). Housing assets account for more than 70% of household wealth in China, which is substantially higher than that of developed economies (Bartiloro et al. 2012; Xie and Jin 2015).

Coupled with the soaring housing prices is the high homeownership rate in urban China. The overall homeownership rate<sup>1</sup> has surpassed 80%—higher than that of most developed countries (Ren and Hu 2016). The figure is even more remarkable given that urban homeownership was largely absent before housing commercialization started in 1994. The combination of high homeownership rates and soaring housing prices have cast a long shadow over equality and the long-term stability of the economy (Galster and Wessel 2018; Kendig 1984a; Piketty, Yang and Zucman 2017)

Young adults, as new housing market entrants, have to spend a large percentage of their income on housing than other generations (Boehm and Schlottmann 2002; Chen and Yang 2017; Forrest 2018; Shlay 2006). It is well documented that young adults face daunting challenges in the housing markets worldwide, as they have had more difficulty than previous generations in leaving the family home, living independently, saving for down-payment, and ascending into homeownership (Cobb-Clark 2008; Eisen 2019; Jones, White and Dunse 2012; Lennartz, Arundel and Ronald 2016; Mackie 2016; McKee 2012).

Parental support has played an important role in the housing attainment of young adults (Druta and Ronald 2017; Lee et al. 2018; Ronald and Lennartz 2018). When purchasing homes, young adults often face borrowing constraints (Haurin, Hendershott and Wachter 1996). Parental financial support can help relax down-payment constraints by reducing their time to save and by increasing the total amount of funds available for home purchase. In addition, young people who receive continued resource transfer tend to have higher homeownership rates, purchase more expensive homes, and accelerate their pace of transition into homeownership (Engelhardt and Mayer 1998; Guiso and Jappelli 2002; Kurz 2004; Lee et al. 2018). Beyond the financial effects, parental support for housing purchases may signal familial commitment and social support—the socialization effect (Helderman and Mulder 2007).

It is unclear whether the effects will be the same in urban China. First, rapid economic growth has changed people’s perception of homeownership and wealth. While private homeownership was largely absent until the 1990s, the booming economy in recent decades has rekindled the sense of private ownership and social status. Second, the “one-child policy” implemented in the

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<sup>1</sup> The Chinese government owns the land on which the homes are built in urban China. Homeowners lease the land for a set number of decades. Meanwhile, villagers collectively own the rural land in the countryside. We determine the homeownership status of a household based on ownership characteristics of the householder (household head)’s primary residence.

late 1970s rapidly reduced the number of children per family and—coupled with rapid income growth—led to a sharp increase in household saving (Modigliani and Cao 2004). Because public transfers are relatively rare and because the parents’ generation has accumulated little wealth in the socialist system while they were young, the children may have to take on a greater responsibility to provide old-age income to their parents (Choukhmane, Coeurdacier and Jin 2013). Third, parental attributes may matter a great deal in adult children’s homeownership. Those parents who were privileged in the socialist system may have transferred their privilege to their offspring and helped increase the homeownership of their children. It is clear that the high homeownership of Chinese youth, regarded by many as a success story, is attributable to their low rates of household formation (Yu 2017).

This study focuses on the influences of parental financial support and background attributes on the adult children’s homeownership attainment, net of other factors and resources. We hypothesize that adult children’s socioeconomic characteristics matter a great deal to their homeownership attainment; that parental financial support<sup>2</sup>, income transfers, and attributes are significantly associated with the adult children’s homeownership attainment; and that, with parental financial support, the adult children are more likely to obtain commercial housing—the most desirable form of housing tenure in urban China. Besides the variables measuring individual and household socioeconomic characteristics, our models contain detailed institutional factors including the *hukou* status and the membership of the Chinese Communist Party<sup>3</sup> of adult children and their parents.

This paper is organized as follows. In the following sections, we will review the literature, discuss the method, summarize major data trends. We will then cover major findings and conclude in the end.

## Literature Review

### Housing reform and its outcomes

Urban China went through housing reform from the early 1980s to the late 2000s (Logan, Fang and Zhang 2010; Wang and Murie 1996; Zhang 1996; Zhu 2000). The governments have gradually abolished the welfare housing system, established housing markets, and privatized public housing in urban China.

The Chinese government has actively promoted homeownership since the early 1990s, because it gives people a stake in their community, stabilize society, and creates an opportunity for

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<sup>2</sup> In this analysis, the parent category includes both parents and in-laws in a married-couple family household.

<sup>3</sup> The Chinese Communist Party (CCP) member category includes the members of the Communist Youth League and other government-sanctioned democratic parties. The Communist Youth League is reserved for the youth; nearly all members of the Communist Youth League are automatically out of the league after age 28. There are nearly 90 million CCP members and less than 1 million members in all other government-sanctioned democratic parties combined. While these democratic parties play a limited role in the Chinese political system, the membership of these parties symbolizes a special socioeconomic and political status (Shambaugh and Brinley 2008).

economic growth (Deng, Shen and Wang 2011 ; Duda, Zhang and Dong 2005; Lee 2000). As a result, the homeownership rate in Chinese cities, such as Shanghai and Beijing, jumped from around 20% in 1994 to more than 60% in 2000, and to more than 80% today (Tang and Coulson 2017; Yu 2006).

Homeownership has become a major investment vehicle, due to the rapid increase in housing prices in selected cities and the lack of alternative investment instruments. Major cities such as Beijing has seen a dramatic increase in price-to-rent ratios since the beginning of 2007 (Wu, Gyourko and Deng 2012). Second home ownership has also increased. An estimate shows that more than 15% of urban households owned multiple homes in 2007 (Huang and Yi 2011). The number shot up to 22.1% in 2017 (Gan 2018). Meanwhile, urban housing vacancy, which is associated with multiple homeownership, surged to 21.4% (Gan 2018). These have constrained housing supply and made it more difficult for newcomers to gain access to the housing market.

There is significant inequality in housing distribution. Housing reform has reinforced inequality existed in the socialist system, giving favors to insiders and urbanites (Logan, Bian and Bian 1998; Logan, Fang and Zhang 2010). Those who have local non-agricultural *hukou* often have access to subsidized housing, housing provident fund <sup>4</sup>, and other valuable resources that rural migrants do not have access to (Tang and Coulson 2017). As rural migrants move to cities, they are facing many barriers in the urban housing markets (Chan and Zhang 1999; Guo and Iredale 2004; Wu 2004).

### **Parental financial support**

Parents can make direct impacts on their adult children's homeownership. The direct impacts refer to the resources devoted by parents to their children in order to improve children's outcomes (Behrman and Taubman 1990; Guryan, Hurst and Kearney 2008; Hauser and Warren 1997; Swell and Hauser 1975).

Parental financial support on homeownership can be in two major forms: One is to giving financial support directly to their children to overcome lender-imposed borrowing constraints (Haurin, Hendershott and Wachter 1997). Parental down-payment support facilitates adult children's transition into homeownership (Cigdem and Whelan 2017; Engelhardt and Mayer 1998; Lee et al. 2018).

The second form is for the parents to provide continuous income transfers to their children to supplement income, smooth consumption, and support mortgage payment (Rosenzweig and Wolpin 1993). However, the contingency theory of intergenerational transfer suggests that parents often give more financial support to children in need. Such support—mediated by

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<sup>4</sup> The Housing Provident Fund is a government run program, which is a voluntary or mandatory savings vehicle designed for urban residents. Participants may be eligible for discounted mortgage loans when they purchase homes (Tang and Coulson, 2017).

offspring needs and parent-child relationship—tends to decline with age in the West (Hartnett et al. 2013).

As housing prices soar in major Chinese cities, young adults may have to rely on parental support to achieve homeownership. While mortgage loans gained prominence in the early 2010s, access to bank loans and home mortgages is still far from universal, and the availability often varies between cities and changes over time (Li 2010). The down-payment requirement for first home purchase was about 25% of the purchase price in 2015, which was larger than that of many developed economies (Deng and Fei 2008; Fang et al. 2016; Forrest 2018). These factors may have accentuated the role of parental support. Therefore, we hypothesize that adult children who receive parental support are more likely to be homeowners.

A competing hypothesis is that those adult children who provide income transfers to their parents are more likely to own homes. Young adults, who provided income transfers to their parents, are likely to be better off than those who did not (Zhu 2016). The better-off adult children should be more likely to be homeowners. Finally, the prevalence and the level of parental financial support are correlated with the socioeconomic status of the household (Gustafsson, Shi and Sato 2014; Wang 2011). It is unclear whether the effect of parental financial support persists after controlling for socioeconomic covariates.

China is different from other countries with respect to demographic regimes and cohort histories which may have in turn influenced family structure and relationships. The Chinese economy has grown rapidly in recent years and parent-child relationships have changed dramatically over time. Research shows that young adults, especially if they are from the countryside, receive little financial support from their parents. In fact, the parent generation of today's young adults is much less educated and has accumulated little wealth while they were young and in their prime asset-accumulation years (Meng 2007; Wang 1995). Due to the lack of pension systems or public transfers, many parents have to rely on their adult children for financial support. Such financial support may be a burden on their adult children. Meanwhile, the sense of filial piety—the traditional notion of children taking care of their parents in old age (yang er fang lao)—has diminished in urban China over time (Tu 2016). Although these competing hypotheses have to be empirically tested, it is difficult, if not impossible, for most young adults to rely on parental income transfers to achieve homeownership. While resource constraints should be a limiting factor in the income transfers between adult children and their parents, the association between family relations and homeownership is unlikely unique in China.

### **Parental attributes**

Parental attributes may have indirect impacts. Research shows that parental attributes—such as wealth, income, education, and occupation—are correlated with children's educational attainment, occupational status, and homeownership attainment (Ermisch and Francesconi 2001; Karagiannaki 2017). These correlations often persist even after socioeconomic covariates

are controlled for. In other words, parental attributes have had an additional effect on the children. It is theorized that parents affect adult children's housing decisions through cultural influences—socialization and the intergenerational transfer of knowledge and behavior (Boehm and Schlottmann 1999; Galster et al. 2007; Henretta 1984; Köppe 2018; Li and Hung 2018; Lux et al. 2018; Ma and Kang 2015; Mulder et al. 2015; Nethercote 2018; Pfeffer and Killewald 2017). Young adults' housing outcomes have become more dependent on their family background in many European countries, which could hinder social mobility and perpetuate economic inequality (Coulter 2018).

Parents who were favored in the socialist system have benefited the most from the housing reform, because of their *hukou* status, education, occupation, and Chinese Communist Party membership (Logan, Fang and Zhang 2010; Walder and He 2014; Wang 2003). Those with non-agricultural *hukou* and those who were Communist Party members seem to have improved their housing advantages the most through the housing reform in the late 1990s (Logan, Fang and Zhang 2009). Many have acquired their apartments with a heavily discounted price through their work units. They may be more able and likely to pass their advantages onto their offspring (Park and Shen 2015).

What is the pathway through which the advantages are transferred between generations in urban China? The advantages the parent generation gained in the socialist system may be translated into higher income and better education of the children generation. Adult children, who have higher income and better education, will have better housing outcomes. Parental attributes, important in the socialist system, should be associated with adult children's homeownership attainment. We hypothesize that parental attributes influence the homeownership attainment of adult children in China, and that adult children have a higher propensity for homeownership if their parents are urban insiders—highly educated, members of the Chinese Communist Party, having local non-agricultural *hukou*, and holding senior positions at work. Although China is in transition to a market-oriented economy, family relation is still expected to be important in the transfer of advantages. The key question is whether parental attributes have additional effects on the adult children's homeownership attainment after controlling for socioeconomic covariates.

While prior research shows that parental attributes and financial support are important to the homeownership attainment of their children in the West, none of these studies have examined the relationship in a transitional and post-socialist economy like China, distinguished different types of parental support, or directly tested the relative importance of parental support and attributes in adult children's homeownership attainment.

### **China's unique institutional setting**

Further complicating the parental role is the unique institutional setting in China. On the one hand, economic reform has shifted the economies from socialist redistribution to a market-

based system (Nee 1989; Nee 1996). The advantages embedded in the socialist institutional arrangements should diminish over time. Young adults and rural migrants, who are less likely to be redistributors than older generations, should have gained an upper hand in the housing market. Non-institutional factors such as education and income should play a key role in housing attainment.

On the other hand, the socialist redistributive system still allows some to have privileged access to housing (Logan and Bian 1993; Wu, Bian and Zhang 2018). Despite several attempts to reform the population registration system, *hukou* status—whether it is agricultural or nonagricultural—and the location of its registration, which are largely hereditary<sup>5</sup>, still determine resource allocation and access to urban housing (Chan 2018; Chen, Guo and Wu 2011; Fang and Zhang 2016; Wu and Zhang 2018). Rural migrants, who often achieve higher income in cities, have little chance of tapping the wealth of cities (He et al. 2017; Howell 2017; Logan, Fang and Zhang 2009). They often have to provide financial support for their families in the countryside (Howell 2017). We hypothesize that institutional factors, such as the *hukou* status and access to housing provident fund, still matter a great deal in housing outcomes.

In this analysis, we examine not only parental support for adult children's largest housing-related expense and parental income transfers to their children, but also certain attributes that are unique to China—their *hukou* status and Chinese Communist Party membership.

## Methods

This study relies on China Household Finance Survey microdata (CHFS) collected by the Survey and Research Center for China Household Finance at Southwestern University of Finance and Economics (Gan et al. 2013). It is a nationwide and comprehensive survey for household finance in China. The survey covers both urban and rural areas in all provinces except Tibet, Xinjiang, Inner Mongolia, Hong Kong, Macao, and Taiwan. Only urban residents, who can be either agricultural *hukou* or non-agricultural *hukou* holders, are included in this analysis.

Three waves of data have been formally released so far<sup>6</sup>. Of all three waves, the 2015 data is the largest in terms of sample size. It is arguably of better quality than the first two waves, because of technological improvements, more representative coverage, and lower questionnaire refusal rates (SRCCHF 2017). We will therefore rely on the 2015 survey microdata in the main analysis. Meanwhile, the 2013 data will be used in robustness checks to ensure that our results are stable over time and can stand up to alternative data specifications.

Here are the key steps of analysis. We will first present descriptive statistics for a large sample and include older adults as a reference. Then we focus on young adults who are aged 18-44 in

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<sup>5</sup> The *hukou* status of young adults and their parents are highly correlated in our young adult sample. 85% of young adults, whose parent has non-agricultural *hukou*, also have non-agricultural *hukou*.

<sup>6</sup> The first wave of CHFS was carried out in 2011. The center surveyed a total of 8,438 households. The sample size is about one fifth of the size of the 2015 wave and, unlike the 2013 and 2015 samples, the 2011 sample is not nationally representative. Furthermore, the center has adjusted several housing-related questions since the 2011 wave, clouding the data comparability over time. Therefore, we will not use the 2011 sample in this analysis.

the subsequent analysis, because parental support is most relevant for young adults. While we include rural to urban migrants, we exclude rural residents—permanent residents who live outside urban areas—and keep data for each household head/householder<sup>7</sup>. Multivariate analysis will be carried out after our descriptive analysis. We will conduct robustness checks involving alternative sample frames, variable definitions, and estimation techniques near the end.

We follow previous studies (e.g., Clark and Mulder 2000; Leppel 1986; Mulder and Smits 2013) and treat homeownership attainment as a joint decision manifested in four unranked categories. We examine the coefficients on key variables that influence households' decisions to own three different types of homes—commercial, special-access, and self-build housing—relative to renting.

Multinomial logit regression yields relative risk ratios (RRR), which are the exponentiated values of multinomial regression coefficients. The interpretation of relative risk ratios is similar to that of odds ratios in logistic regression. The RRR values reflect the differences relative to the reference group. Where the RRR value is higher than 1, the factor is associated with a higher likelihood of homeownership. The multinomial logit model used in this analysis is specified as follows:

$$H = PS + PTI + PTO + PA + X + Z$$

where homeownership ( $H$ ) is a multinomial variable. It is given the value (0) if a household is a renter, the value (1) if it owns a self-build home, the value (2) if it owns a special-access home, and the value (3) if it owns a commercial housing unit. Renters will be the baseline group in the multivariate analysis.

The main benefit of using a multinomial logit model, rather than a binomial logit specification like many homeownership studies in the West have done, is the ability of this model to capture the complexity of homeownership in urban China. The complexity reflects the country's socialist legacy, the growing housing market, successive governments' interventions in the housing market, reform measures implemented over time, and the unique land ownership structure in China.

After the housing reform in the late 1990s, the housing stock in urban China has become largely owned by private individuals. Homeownership status is determined at the household level—whether the householder owns or rents the housing unit in which he/she resides. The three types of private ownership, separately categorized in the dependent variable, are very different in terms of land ownership, build quality, desirability, and geographic locations (Li and Li 2006; Logan, Fang and Zhang 2009; Wu 2004).

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<sup>7</sup> The terms “householder” and “household head” are used interchangeably in this study, referring to the person who is the most knowledgeable about the finance of the household. The householder is most likely the respondent of the survey.



The first type of homeownership is called self-build housing. They are most common in the countryside and on the outskirts of expanding cities, where land is often collectively owned by villages and townships instead of state-owned. Self-build housing is often the least preferred option among the three types of owner-occupied housing, since it tends to be of low build quality and have limited facilities for heating and sanitation (Logan, Fang and Zhang 2009). Moreover, self-build housing is often individually constructed and located far away from employment centers. Because of various constraints, self-build housing is not freely tradable in the housing market and the market for self-building housing is small—if existing at all. Consequently, self-build housing is rarely bought for wealth accumulation and self-build housing is almost always treated as a unique tenure status in the literature (He et al. 2017; Ren and Hu 2016).

The second type is special-access housing.<sup>8</sup> One common characteristic is that homeowners have acquired their units outside the regular housing market. In this study, special-access housing includes four broad categories of housing. First, it includes homes that are given by governments and developers for free as compensation and resettlement, as a result of natural disasters and major construction projects. Second, it includes those purchased with a heavy discount through special housing programs such as the Affordable Housing Program, the Price-limited Commercial Housing Program, and the Work-unit Collective Fund-raising Program. These special-access units are reserved for low-income urbanites and privileged individuals; rural migrants are mostly excluded from these programs (Deng, Shen and Wang 2011; Huang 2012). Third, special-access housing includes those of limited property rights, which are a result of the short supply of affordable housing and a product of China's unique land ownership system (Deng 2009; Liu, Yi and Zheng 2018; Zhu 2000). These units cannot be legally traded in the housing market. Fourth, the special-access category includes those units that were gifted or inherited. About 3.6% of the households received their units as gifts and inheritance. While special-access housing units are more preferred than self-build housing, their tradability is often murky. The ownership of special-access housing reflects the transitional nature of the Chinese economy.

The third type of homeownership is commercial housing—the most desirable type of housing tenure in urban China. While work-units owned most housing units in urban China and rented them out to their employees before the housing reform in 1994, most new housing units today are commercial. Commercial apartments are often of the best build quality (Chen and Han 2014; Li 2000; Li 2012; Walder and He 2014). Commercial housing units also tend to be bigger, newer, and much more expensive than special-access and self-build housing units. Homeowners must purchase their units in the housing market. Finally, commercial housing is particularly important for wealth accumulation. Since homeowners almost always have full user rights to the units, they can freely trade them in the housing market.

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<sup>8</sup> The special-access housing category could be further divided into smaller categories for a more nuanced analysis. However, the result from a Hausman test that we carried out demonstrates that it would violate the IIA hypothesis.

Finally, the reference category is renters. While most housing units in cities were theoretically rental units before the 1990s, the rental share of the total housing stock is rather small in urban China today. In this analysis, the multinomial logit coefficients should be understood as the differences relative to the reference group—being renters.

We have carried out a Hausman test to examine the hypothesis of independence of irrelevant alternatives (IIA) for our dependent variable—homeownership. The test result shows that the four categories cannot be ranked and the inclusion or exclusion of categories does not affect the relative risks associated with the regressors in the remaining categories<sup>9</sup>. In other words, our IIA assumption stands and it does not violate the IIA assumption when we divide the homeownership into four unranked categories.

### **Covariates**

The variations in homeownership could be a result of socioeconomic differences, demographic factors, human capital, and the unique institutional setting in China. It is important to control for these confounding factors in a multivariate framework so as to uncover the effects of parental financial support and background attributes on their adult children's homeownership attainment.

Sociodemographic and economic factors relevant to homeownership attainment are included in the multivariate models as covariates. Institutional factors unique to China are also controlled in the model. The following is a list of independent variables.

- PS: Borrowed money from parents for the largest housing-related expense;
- PTI: Income transfers from parents to adult children;
- PTO: Income transfers from adult children to parents;
- PA: Parental attributes;
- X: Individual's sociodemographic characteristics; and
- Z: Institutional factors.

Our key covariates of interest are PS, PTI, and PTO. PS refers to whether an adult child borrowed money from his/her parent for the largest housing-related expense that the respondent's household incurred. The expense can be for housing construction, home purchase, and major remodeling. His/her parent was the biggest source of this non-bank borrowing.<sup>10</sup>

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<sup>9</sup> The Hausman test results are available upon request.

<sup>10</sup> Two survey questions are directly linked to parental financial support for housing-related expense. The first question, on which this variable is based on, asks, "Where did you borrow the largest non-bank loan for housing purchase/self-build/remodeling (even if you have paid off the loan)?" The second survey question—available in the 2013 wave of CHFS (but not in the 2015 sample)—covers down-payment support and asks, "Where did the down payment come from (you can choose more than one)?" The first question is intensive, covering one specific type of financial support. Therefore, it is less likely to lead to respondent error. Of the sample householders who are 18 to 45 years old, about 1.6% have relied on parents as the biggest source of non-bank borrowing for their largest housing-related expenses. In comparison, the second survey question is extensive with respect to parental support for housing, covering any parental down payment support that was provided at the time of the home purchase. In the 2013 sample (age 18-45), 14.8% of our sample households received down payment support

PTI refers to whether an adult child received income transfers from parents and in-laws<sup>11</sup> over the past year. PTO refers to whether the adult child provides income transfers to parents. Based on past research findings, we expect that parental financial support has a positive effect on adult children's homeownership. To ensure the robustness of the result, we will separately examine the effect of the incidence and the amount of income transfers on homeownership attainment.

Parental attributes (PA) include parents' educational attainment, membership of the Chinese Communist Party (including the Communist Youth League and other government-sanctioned democratic parties), *hukou* status, and the highest position at work. Based on past research (e.g., Ermisch and Francesconi 2001; Karagiannaki 2017), parental attributes should be associated with adult children's homeownership attainment. Adult children are expected to have higher levels of homeownership attainment if their parents are highly educated, members of the Chinese Communist Party, having non-agricultural *hukou*, and holding middle or senior positions at work.

The attributes (X) include age group, marital status, educational attainment, household income, geographic location, and residential mobility (whether the sample household moved in the last two years). These factors, important to homeownership, may have varying effects for different groups of young adults<sup>12</sup> (Alba and Logan 1992; Lee et al. 2018; Painter, Gabriel and Myers 2001).

Age is a critical parameter in homeownership attainment, as it is directly connected to people's housing career. Homeownership is often a quasi-cumulative function of early life achievements in the housing market (Myers 1999; Myers and Lee 2016; Yu and Haan 2012). Early advantages (or disadvantages) in homeownership are often carried over into older age. In other words, people increase housing consumption rapidly during the early adulthood not only because of their changing taste, but also because of their life-stage decisions such as getting married and rearing children (Mok 2005). That is why we use the term 'homeownership attainment' to reflect the cumulative nature of housing tenure choice. Furthermore, the age of the householders is linked to the reform measures implemented over time in the Chinese emerging housing market.

Based on previous research, those who are married, highly educated, having higher levels of income tend to have higher homeownership rates. We also include the geographic locations of the observation in this analysis as a proxy control for housing prices, which are important to homeownership attainment (Haurin, Hendershott and Wachter 1996; Pollakowski and Wachter

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from parents. Because the second question—parental down payment support—was not available in 2015 and the 2015 data is of higher quality, we rely on the 2015 sample and use the 2013 sample data in robustness check.

<sup>11</sup> Again, the parent category includes in-laws.

<sup>12</sup> There are large differences in mobility rates—percent moved in the last two years—between different types of *hukou* status. Young adults with local *hukou* are the least likely to move. About 6% moved in the last two years. In contrast, those whose *hukou* is registered outside the local areas are the most likely to have moved. About 15% moved.

1990). Those in the first-tier region, which include Beijing, Shanghai, and Guangdong, are expected to have lower levels of homeownership, because of the high cost of home-owning in the region.

Furthermore, previous research has demonstrated strong casual relationships between residential mobility and tenure choices (e.g., Clark, Deurloo and Dieleman 2000; Dieleman and Everaers 1994; Kendig 1984b). The control for mobility is particularly relevant for young adults as they are systematically different from older people. Urban residents are also different from rural migrants, who make up most of the migrant population. Residential mobility is a direct indicator of life-course changes (Moore and Clark 1990). Those who are more mobile are expected to be less likely to be homeowners (Painter, Yang and Yu 2001).

Institutional factors (*Z*), including the *hukou* status and the membership of the Chinese Communist Party (the Communist Youth League and other government-sanctioned democratic parties), are rather unique to China. Those with local non-agricultural *hukou* are expected to have the highest homeownership rate, while migrants, who have non-local *hukou*, should have lower levels of homeownership (Chan 2018; Cheng and Selden 1994; Wu and Zhang 2018). The governments have begun to eliminate agricultural *hukou* in recent years and replaced it with a new-type of *hukou* called *integrated hukou* (Chan 2018). About 7.2% of sample householders have integrated *hukou*. In the time of *hukou* reform, the irony is that the location of *hukou* registration may have become even more important in resource distribution than the type<sup>13</sup> of *hukou*—whether it is agricultural or non-agricultural (Wu and Zhang 2018; Young 2013). Meanwhile, political status or being a member of the Chinese Communist Party should be positively associated with homeownership attainment. The membership is a sign of the insider status (Bian and Logan 1996; Huang and Yi 2011; Logan, Bian and Bian 1999). Research shows that the political premium of the CCP membership has a strong and positive effect on housing wealth (Jin and Xie 2017). Finally, having access to housing provident fund—a special perk for urban residents who work for work units and large companies—should also have a positive effect on homeownership (Tang and Coulson 2017).

## Descriptive findings

We first present summary statistics. Table 1 reports the number of householders, the homeownership rates, and the number of homeowners in three columns. In the first two tables, we also include those who are 45 to 74 years old as a reference, and separately report the results based on the age of the householder.

(Table 1. about here)

Homeownership rates increase with age and the increases are the most pronounced in early adulthood between age 18 and 44—a trend that is similarly observed in the West. The rate

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<sup>13</sup> Those who had agricultural *hukou* did not have access to food subsidy during the socialist era. The relative importance of the *hukou* type has changed over time. In recent years, a small but growing number of rural residents prefer agricultural *hukou*, because agricultural *hukou* holders can own rural land.

reaches a plateau among those who are 50 and older. Young adulthood is a critical stage for the progress in the housing market. While the overall homeownership rate is high, urban homeowners in China do not permanently own the land on which the homes are built. Instead, homeowners lease their land from the government for a set number of decades.

As discussed, homeownership is complex in China. To illustrate the complexity, we graph the four types of homeownership in Figure 1 and show the large age differences in homeownership rates. While young adults, who are 25 to 44 years old, are more likely to own commercial housing units than other age groups, those who are 65 to 74 years old are the most likely to own special-access housing. This discrepancy reflects China's socialist past and various reform measures implemented over time; older people in urban China are more likely to obtain homes through work-units and special housing programs. In contrast, young adults are much less likely to have access to special-access housing. The large differences among various types of homeownership demonstrate again the necessity of separating them in the analysis.

(Figure 1. about here)

Parents can help their grown children by lending to them directly. Shown in Table 2, more than 1.6% of young adults who are 25 to 44 years old have borrowed from parents as the largest source for housing consumption--the highest of all age groups. Though not shown in the table, adult children's household income is positively correlated with the likelihood of borrowing from parents. However, the correlation coefficient becomes negative among adult children who have above average household income. Furthermore, those in the top and the bottom quartile of household income are the least likely to borrow from their parents. Those in the top quartile may have less need for parental lending, while those in the bottom quartile could not get parental support.

(Table 2. about here)

In addition, parents can help their adult children by transferring income to them over time. Meanwhile, parents may receive income transfers from their adult children. The last four columns in Table 2 report income transfers between parents and their adult children by age. The transfer activities are the most common among young adults. Moreover, adult children are more likely to transfer income to their parents than to receive transfers from their parents; the average amount of income transfer is also larger. Because of the one-child policy, there are fewer adult children in each household than before. Adult children seem to have taken on financial responsibilities by transferring income to their parents. Not surprisingly, income transfers become rarer as people age.

Also shown in Table 2 is the amount of income transfers by age group. The likelihood and the average amount of income transfer are correlated. Consistent with the result above, the average amount of income transfers is the largest among adults between 25 and 34 years old<sup>14</sup>.

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<sup>14</sup> The results are valid even if we exclude those who did not make any income transfers.

The last column shows the average net yearly income transfers from adult children to their parents. Net transfers are positive in most age groups, meaning that young adults, on average, send a greater amount to their parents than to receive from them. Because parental financial support for homeownership matters most to young adults and because the literature on intergenerational transfer has largely focused on young and middle-aged adults (e.g., Engelhardt and Mayer 1998; Ma and Kang 2015; Myers et al. 2017; Ronald and Lennartz 2018), we will limit the following analysis to those who are 18 to 44 years old.

Not shown in the table is that the incidence and the amount of income transfers are correlated with the household income of the adult children. Those who are in the top quartile of household income are more likely to transfer income from/to their parents and their transfer amount is also bigger than those who are in the lower-income quartile. Also not shown is the role of *hukou* in income transfers. Migrants, whose *hukou* are registered outside the local areas, are more likely to transfer income with their parents and the transfers are in a greater amount than those who have local *hukou*. Finally, those who have agricultural *hukou* are less likely to have income transfers.

Figure 2 shows the homeownership attainment by three forms of parental support.<sup>15</sup> There are three sets of bars in this figure, which report percent share of the total. On the top of each set is the result with parental lending, with income transfer to parents, and with income transfers from parents respectively. On the bottom of each set reports the homeownership attainment without support or income transfers.

Clearly, those who borrowed money from parents for the largest housing-related expense and those who receive income transfers from parents tend to have higher probabilities of owning commercial housing. Interestingly, young adults who provide income transfers to parents also have a higher chance of owning commercial housing than those who do not<sup>16</sup>. It seems to show that young adults who are better-off are more likely to provide income transfers to their parents and they are also more likely to purchase commercial housing. However, many other factors, beyond parental financial support, may explain the differences in homeownership attainment. For instance, migrants, who do not have local *hukou*, tend to have higher levels of income, which ought to lead to higher homeownership. However, they are also more mobile. Higher mobility leads to lower homeownership. Therefore, we have to control all these confounding factors in multivariate analyses to isolate the effect of parental attributes and financial support.

(Figure 2. about here)

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<sup>15</sup> The sample is limited to those who are 18 to 44 years old.

<sup>16</sup> *Hukou* status is an important determinant of parental financial support. Young adults with agricultural *hukou* are the least likely to get support and the most likely to provide income transfers to their parents. Meanwhile, the correlation between parental lending and income transfers is very low at around 0.1.

Table 3 reports the descriptive statistics of the dependent and independent variables, which will be used in the multivariate analyses. Again, only householders who are 18 to 44 years old are included in this sample. Non-household population is excluded from this survey. The percentage share of each attribute is reported under each variable, excepting household income—which is coded as a continuous variable rather than categorical.

(Table 3. about here)

Let us first look at the top of the table. There is a total of 8,225 householders in the sample. The first section is about homeownership rates. In this young and middle-aged adult sample, the overall homeownership rate is 71.7%, a rate that is much higher than that of the West. 44.3% of all households own commercial housing—the most appealing form of homeownership in urban China. While not shown in the tables, there are large regional differences in homeownership rates. The homeownership rate is lower in the first-tier region and in the coastal area of China where housing prices and the rate of residential mobility are higher.

With respect to sociodemographic factors, those who are 35-44 years old make up the largest age group. The rate of household formation increases with age among young adults. With respect to marriage, 84.2% are currently married. The high marriage rate is not surprising given that buying homes and getting married often go hand-in-hand in urban China. Regarding educational attainment, 44.9% of the sample received some form of college education, which is much higher than that of older generations.

The institutional setting is unique in China. As discussed before, the three most relevant aspects are the *hukou* status, the membership of the Chinese Communist Party, and the access to housing provident funds. 44.2% of the sample are non-agricultural *hukou* holders whose *hukou* is registered in the local area—the most privileged group. In contrast, 32.5% are migrants whose *hukou* is registered outside the local area. Most migrants hold agricultural *hukou*. The integrated *hukou* share of the total is still relatively small, and most are registered in the local area. Meanwhile, about 15.7% of the sample belongs to the Chinese Communist Party, the Communist Youth League, or other government-sanctioned democratic parties. Finally, 34.4% have access to housing provident fund. In other words, only a minority of households have access to this perk in cities. Agricultural *hukou* holders are the least likely to have access.

The average annual household income is slightly more than 40,000 Yuan. Migrants with non-local *hukou* on average have higher levels of household income than the local residents. With respect to geographic locations, half of the households are in the East—the more developed and densely populated part of China. In addition, 17.0% of all households live in the first-tier region—including Beijing, Shanghai, and Guangdong—which is widely regarded as the most prosperous and expensive region of China. Regarding residential mobility, nearly 9.8% of the sample moved in the last two years. Chinese citizens have become much more mobile after economic reform.

Finally, we have information about parental financial support and background attributes—the focus of this study. About 1.6% of the sample households had their parents as the largest non-banking source of lending for the largest housing-related expense. Adult children provided more income transfers to their parents than they received. Regarding parental attributes, we focus on four—educational attainment, the Chinese Communist Party membership, *hukou* status, and job position at work. While the *hukou* status is largely hereditary and educational attainment is often transmitted across generations<sup>17</sup>, the other two parental attributes are not highly correlated with those of their adult children. It is unclear whether these parental attributes have additional effects on the homeownership attainment of adult children.

## Results

The empirical approach in this paper is to estimate models of homeownership on a sample of households. Table 4 reports the multinomial logistic regression results, which are shown in four sections. Section I provides the result from the standard homeownership model excluding parental financial support or background attributes. Section II reports the results on parental financial support only, while Section III presents the results on parental background attributes only. Finally, Section IV includes all concerned variables and covariates.

(Table 4 about here)

There are three columns in each of the four sections. The left column reports the probability of being a householder of a self-build housing unit, while the middle column shows the probability of being a householder of a special-access unit. The column on the right gives the probability of being a householder of a commercial apartment. The baseline group is the probability of being a renter householder, which is omitted from the table. Estimation results are shown in relative risk ratios (RRR). Each reported coefficient reflects the effect of a particular characteristic on one of the three types of homeownership, relative to the reference group.

Turning first to important factors behind homeownership attainment. The results shown in Section I are largely consistent with those of past studies. Being slightly older, married, and highly educated is positively associated with homeownership. So is having *hukou* registered in the local area, high household income, and access to housing provident fund. While living in the East is associated with higher homeownership, living in the first-tier region has a negative effect. Being a mover reduces the homeownership probability. Finally, being a member of the Chinese Communist Party is only positively associated with owning special-access housing.

There are variations among the three homeownership types. Being single or formerly married is associated with the lower probability of owning a commercial housing unit, while having at

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<sup>17</sup> Even though college education was rare for the parent generation, the educational attainment of young adults is highly associated with that of their parents. Evidently, 81.2% of our sample went to college if at least one of his/her parents attended college. Meanwhile, the *hukou* types of adult children and their parents are highly correlated.



least a college degree significantly boosts the chance. Again, this confirms that commercial housing is the most preferred type of homeownership. Furthermore, having locally registered *hukou* substantially increases the chance of owning a special-access unit. Special-access units are often reserved for locals. In comparison, having access to housing provident fund is positively linked to the likelihood of living in commercial housing, but not the other two types of homeownership. This finding is consistent with the original goal of the housing provident fund, which was to encourage the purchase of homes in the private housing market (Yeung and Howes 2006).

Let us shift to Sections II and III, which are for parental financial support and parental attributes respectively. As expected, both forms are positively associated with homeownership. Receiving income transfers from parents is positively associated with owning commercial housing units, while providing income transfers to parents lowers the likelihood of owning self-build and special-access units. Parent-to-offspring income transfers have the originally expected effects on the homeownership of adult children.

Parental attributes are relevant too. Those who do not have any parents alive have higher homeownership, probably because they would not have to support their parents. Having at least one parent who is a member of the Chinese Communist Party is positively, albeit only moderately, associated with owning commercial units. At least one parent having non-agricultural *hukou* also has a significant and positive effect. Surprisingly, parental education level is negatively associated with homeownership. Except for owning a special-access unit, parents' highest position at work is not statistically significant either.

Finally, we discuss the results in Section IV—the full model. After controlling the covariates discussed in Section I, the following are still potent predictors of homeownership: age, marriage, educational attainment, household income, geographical locations, and residential mobility.

Institutional factors are also important. The location of *hukou* registration matters much more than the *hukou* type—whether it is agricultural or non-agricultural. Migrants or non-local *hukou* holders have a much lower homeownership probability than local *hukou* holders. The magnitude of the *hukou* variables is larger than that of parental support. As expected, having access to housing provident fund is positively associated with owning commercial housing. However, after controlling the covariates, being a member of the Chinese Communist Party has no significant effect on homeownership.

Parental support for housing—one focal point of this research—is still statistically significant and has a strongly positive effect on homeownership. In fact, parental lending would increase the odds of adult children's homeownership—commercial housing in particular—by nearly three folds. Meanwhile, receiving income transfers from parents is no longer statistically significant, meaning that the positive effects of parent-to-offspring income transfers can be explained by the covariates. Moreover, young adults who provide income transfers to parents

tend to have lower probabilities of owning special-access homes. Offspring-to-parent income transfer has a detrimental effect that is not captured by other covariates.

Parental attributes matter to the housing attainment of adult children, but only to a limited extent. First, the variable, whether at least one parent is alive, is no longer statistically significant. Second, the parents' educational attainment is negatively associated with the homeownership attainment of their adult children. This surprising finding demonstrates that parental attributes are not always having a positive effect. Third, parents' Communist Party Membership has not statistically significant effect, which echoes the membership effect on their adult children. Those who are Communist Party members do not have higher homeownership than nonmembers. Fourth, young adults, whose parents hold non-agricultural *hukou*, are more likely to own. However, after controlling for the *hukou* status of the young adults, the magnitude of parental *hukou* effect becomes smaller. This is not surprising given that the *hukou* status is largely hereditary—the *hukou* type of parents and their offspring are highly correlated. Finally, having a parent who holds a senior position at work is linked to higher probabilities of owning a special-access home, but only barely. Parents who hold high positions at work may be able to help their adult children acquire special-access housing, which is often heavily discounted in price.

### **Robustness check**

We carry out five sets of tests to check the robustness of the results. The goal is to ensure the stability of our regression results and to examine how our conclusions change when we adjust our assumptions, samples, and variable specifications.

The first set involves stratifying the sample into subgroups based on key characteristics—such as age, the location of *hukou* registration, the membership of the Chinese Communist Party, regions, and the closeness of the relationship between adult children and their parents—and run the multinomial logit model in each of the subgroups.<sup>18</sup> The results on the effects of parental support and attributes are largely consistent with the findings reported in Section IV of Table 4. The relative importance of parental support is larger among rural migrants. While rural migrants tend to have the lowest homeownership rate in cities, parental support would significantly improve their odds of homeownership. When restricting the sample to those who are 18-34 years old, the detrimental effect of offspring-to-parent income transfers is more pronounced.

In the second set of robustness checks, we run our regression models using the 2013 CHFS microdata. Since more than 62% of the 2015 sample households were repeats from the 2013 sample, it is not appropriate to directly pool the 2013 and 2015 data together in the analysis. Again, the results are largely consistent with the results using the 2015 data with only one

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<sup>18</sup> Select results of robustness check are shown; the rest are available upon request.

major exception. Parents' Communist Party Membership becomes statistically significant for the ownership of commercial housing. However, the magnitude is quite small.

[Table 5 about here]

The third set of tests involves altering the definition of parental support. As discussed before, the 2013 CHFS data had a variable on the sources of down payment support. About 14.8% of the sample households received down payment support from the parents. Regression results reported in Table 6 show that parental down payment support has played a role that is similar to parental lending. Those who received down payment support are more likely to own commercial units and less likely to own self-build and special-access housing than those who did not receive the support. In essence, parental down payment support helps young adults purchase commercial housing and avoid special-access and self-build housing. Consistent with the regression results using the 2015 sample, adult children who provide income transfers to their parents have lower homeownership probabilities.

[Table 6 about here]

The fourth set of check deals with parental income transfers. There are four different ways to code income transfers. The first way is to consider income transfers as a binary option: whether an adult child received/provided income transfer or not. Two variables are created for income transfers—one is for transfer-in and the other one is for transfer-out. This is how the income-transfer variables are currently coded in this analysis and reported in the tables above. The second way is to code the variables based on the *amount* of income transfer rather than the incidence of transfer. Two variables are included in the model—one is the amount of transfer-in and the other is the amount of transfer-out. The third way is to create just one variable—net transfer or the difference between the amount of transfer-in and the amount of transfer-out at the household level. The fourth way is to create a net flow variable that combines both household income and net transfers.

[Table 7 about here]

While the amount of income transfers from parents is not statistically significant in the results, the amount of income transfer to parents is negatively associated with the homeownership of the adult children. Meanwhile, when we use net income transfer as a single variable, the results on income transfers become statistically insignificant in most cases. These results<sup>19</sup> indicate that, while parental financial support at the time of home purchase helps elevate homeownership, adult children do not necessarily rely on income transfers from their parents to maintain homeownership. On the other hand, grown children who provide income transfers

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<sup>19</sup> Results are available upon request.

to parents have lower levels of homeownership than those who do not. Such income transfers are likely a burden on adult children. Finally, shown in Table 7, the results of the net flow model—household income combined with net income transfer—are consistent with those of Module IV in Table 4.

The fifth set is about the quasi-cumulative nature of homeownership attainment, which reflects early life achievements (or failures) in the housing market (Myers 1999). Research has shown that models, that do not adjust for residential mobility, tend to underestimate the homeownership probabilities of the population that is more mobile. To remedy this potential concern, researchers have used Heckman’s procedure to estimate homeownership attainment on a sample of recent movers and compensate for the differences in the probabilities of moving (e.g., Painter 2000; Painter, Yang and Yu 2001). The potential for sample bias is an issue for this study since rural migrants are much more mobile than urban residents. However, we cannot use Heckman’s procedure for two major reasons. One is that the sample size is too small to make the likelihood maximization algorithm to converge and to generate statistically significant results. The second reason is that Heckman’s procedure requires the homeownership status to be a binary choice rather than a multinomial option. To partially allay this concern, we run our multinomial logit model on recent movers only without any covariates. Results reported in Table 8 demonstrate that parental lending would boost the chance of young adults owning self-build and commercial housing.

[Table 8 about here]

Overall, we find our regression results to be robust. Our conclusions largely stand even if we estimate in subgroups, change our assumptions, use a different sample, and adjust variable specifications.

## **Conclusions**

Housing prices and homeownership rates have increased rapidly in major Chinese cities over the past two decades. Homeownership has become a key means of wealth accumulation and a major source of wealth inequality. The objectives of this study are to examine the role of parental support—parental lending as the largest source of non-bank loan for the largest housing-related expense and ongoing income transfers between adult children and their parents—and parental attributes in the homeownership attainment of the adult children.

Overall, many of the results presented in this study are consistent with the literature (e.g., Huang and Clark 2002; Wu and Zhang 2018) and on the housing attainment of young adults in urban China (e.g., Yu 2017; Zhu 2012). Family relations play an important role. Research findings demonstrate that the housing market is still maturing and household income and education are important determinants of homeownership. Meanwhile, the homeownership

attainment is reflective of China's redistributive past. Although sociodemographic characteristics—including age, marital status, and educational attainment—are highly correlated with homeownership attainment, institutional affiliations still matter a great deal. The transition to a market-based system is still ongoing. The location of *hukou* registration is a much more salient determinant of homeownership than the *hukou* type—whether one has agricultural or non-agricultural *hukou*. Having access to the housing provident fund has a positive effect on owning commercial housing—the most preferred type of housing in urban China.

Parental support matters in the housing attainment of their adult children, but not always in an expected way. Young adults, who borrowed from parents and whose parents were the largest source of non-bank lending for their biggest housing-related expense, are more likely to buy homes.<sup>20</sup> In particular, they have three times the odds of owning commercial housing compared to those who did not borrow. The positive effects persist after adjusting for other factors. The effects are still evident after we switch parental lending with parental down-payment support in the robustness check using the 2013 data. In urban China, banks often require a large down payment. Parental support appears important for adult children to overcome this constraint and provides an additional boost to their adult children.

Unlike previous research (e.g., Lee et al. 2018; Rosenzweig and Wolpin 1993), which reports a positive association between parent-to-offspring income transfers and adult children's housing outcomes, our result shows that such transfers have little additional effect, net of other factors. The results stand after robustness checks. This somewhat unexpected result perhaps reflects three factors. First, the advantages urban insiders obtained in the reform period have already been reflected in the socioeconomic status of their offspring. The adult children of urban insiders tend to fare better in terms of income and educational attainment. Once all the covariates are controlled for, parent-to-child income transfers are no longer statistically significant. Second, it may be the result of changing demographics. The one-child policy has dramatically reduced the cohort size of the young. Because of Chinese tradition and the reality that the parent generation did not accumulate much wealth in the socialist system, the adult children have become a major source of financial support. They can not rely on parental income transfer to maintain homeownership. Third, the result may also reflect the interplay between two competing forces. On the one hand, young adults who are better-off rely less on income transfers from their parents to achieve homeownership. Those who are better-off are more likely to own their homes. On the other hand, young adults who receive income transfers from parents will have more resources to achieve homeownership. The two forces may have canceled out each other in the end, which supports the contingency theory of intergenerational income transfer.

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<sup>20</sup> The positive effect is similar to that of parental down payment support, except that parental down payment support is negatively associated owning self-build and special-access housing.

More importantly, young adults who provided income transfers to their parents tend to have lower homeownership probabilities. When young adults provide income transfers to their parents, they seem to be fulfilling their familial obligations. Evidently, rural migrants—who have lower income than their urban counterparts—are more likely to provide income transfers to their parents and, when they do, they tend to transfer a bigger amount. Since young adults and migrants are likely to have foreseen such obligations before their homeownership decisions, they may have factored future income transfers into their homeownership decisions. In sum, it is important to differentiate transfer-in from transfer-out. Parental support is important for adult children to reach homeownership, but not necessarily to maintain it.

Parental attributes linked to the urban insider status are positively, albeit weakly, associated with adult children's homeownership attainment. Their relative importance is secondary to the adult children's institutional attributes—the *hukou* status, and access to housing provident fund. Another surprising finding is that being a member of the Chinese Communist Party is not statistically significant. Moreover, parents' educational attainment is negatively associated with the homeownership of their offspring. Different from some of the past studies (e.g., Logan, Fang and Zhang 2009; Logan, Fang and Zhang 2010), the insider status does not always lead to more favorable housing outcomes.

Unlike previous research which shows the importance of socialization in the homeownership attainment of the offspring (e.g., Aratani 2011; Helderma and Mulder 2007), we discover that homeownership attainment in urban China, where homeownership is a relatively new phenomenon, is transmitted and reinforced mainly through intergenerational financial support and *hukou*—a largely hereditary status—rather than socialization. Except for *hukou* and senior position at work, parental attributes have little additional effects on the homeownership of their adult children.

Future research is needed to examine the role of parental support and attributes on other aspects of housing attainment, including housing value and housing quality. There is significant heterogeneity in Chinese housing stock, a byproduct of the socialist past and rapid economic growth in recent decades. Further research should also examine the role of other family members, such as brothers and sisters, and nonfamily members in the housing attainment of young adults, and study the extent to which the role of family relations in homeownership is unique in China. Even though the one-child policy implemented in the late 1970s has greatly reduced the number of households with multiple siblings, extended family and friends may still be an important source of support. Finally, future research should examine whether the homeownership status of the parents is associated with that of adult children.

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**Table 1. Summary statistics of homeownership by age group**

Age group	# of households	Homeownership rate (%)	# of homeowners
18-24	446	40.4	180
25-34	3,016	65.5	1,975
35-44	4,763	79.5	3,786
45-54	6,360	83.7	5,323
55-64	5,474	86.7	4,748
65-74	3,531	87.2	3,079
<b>Total</b>	<b>23,590</b>	<b>80.2</b>	<b>18,975</b>

Note: This sample excludes those who live in rural China and those who are younger than 18 or older than 74. The number of household heads/householders equals to the number of households. The homeownership rate is the number of households with a homeowner in a given age group divided by the number of all household heads/householders in that age group.

**Table 2. Summary of income transfer from and to parents and in-laws by age group**

Age group	PS: % owed money from parents for housing	PTI: % receive income transfer from parents over the past year	PTO: % provide income transfer to parents over the past year	Average amount transferred in from parents (yuan)	Average amount transferred to parents (yuan)	Average net yearly income transfer to parents (yuan)
18-24	0.37	19.0	27.8	1,054	1,918	864
25-34	1.75	31.1	38.8	2,428	3,066	638
35-44	1.63	27.9	40.5	787	2,652	1,865
45-54	0.45	11.5	27.9	471	1,435	964
55-64	0.33	3.2	11.9	306	517	211
65-74	0.01	2.1	4.6	196	195	-2
Total	0.67	15.1	25.6	772	1,588	816

**Table 3. Sample distribution of households**

Variables	Values	Std. Dev
<b>Homeownership</b>	<b>100.0</b>	
Owners	71.7	45.0
Commercial apartment	44.3	49.9
Special access housing	17.2	40.7
Self-build housing	10.2	33.1
Renters	28.3	45.0
<b>Sociodemographics</b>		
Age group	<b>100.0</b>	
18-24	6.1	23.9
25-34	38.0	48.5
35-44	55.9	49.6
Marital status	<b>100.0</b>	
Single	12.7	33.3
Currently married	84.2	36.5
Formally married	3.0	17.0
Educational attainment	<b>100.0</b>	
College degree or higher	44.9	49.8
Middle and high school only	48.7	50.0
Less than middle school	6.5	49.7
<b>Institutions</b>		
Hukou status	<b>100.0</b>	
Hukou registered in the local area	67.5	46.6
Non-agricultural Hukou	44.2	49.7
Integrated Hukou (new)	5.8	23.4
Agricultural Hukou registered in the local area	17.5	38.0
Hukou registered outside the local area (migrants)	32.5	46.6
Party membership	<b>100.0</b>	
Chinese Communist Party member (including the youth league and other government-sanctioned democratic parties)	15.7	36.4
Not a member	84.3	36.4
<b>Economics</b>		
Annual household income in Yuan (Logged)	10.6	2.4
Access to housing provident fund	<b>100.0</b>	
Having access	34.4	47.5
No access	65.6	47.5
<b>Geography and mobility</b>		
Regions	<b>100.0</b>	
East	51.1	50.0
Middle	25.9	25.9

West	23.0	23.0
<b>Tiers</b>	<b>100.0</b>	
First tier region (Beijing, Shanghai, and Guangdong)	17.0	37.5
Outside the first-tier region	83.0	37.5
<b>Migration</b>	<b>100.0</b>	
Moved in the last two years	9.8	29.7
Did not move in the last two years	90.2	29.7
<b>Parental financial support</b>		
Borrowed money from parents and/or in-laws for housing	<b>100.0</b>	
Borrowed	1.6	12.6
Did not borrow	98.4	12.6
<b>Parental attributes</b>	<b>100.0</b>	
At least one parent alive	94.7	22.4
None of the parents alive	5.3	22.4
<b>Parents' educational attainment</b>	<b>94.7</b>	
At least one graduated from middle school or higher	48.3	49.6
None completed middle school	46.4	49.3
<b>Parents' communist party membership</b>	<b>94.7</b>	
At least one being a member of the Chinese Communist Party (the Communist Youth League or other government-sanctioned democratic parties)	20.0	40.0
No one is a member	74.7	43.5
<b>Parents' Hukou status</b>	<b>94.7</b>	
At least one holding integrated Hukou or non-agricultural Hukou	33.8	47.3
Agricultural Hukou holders	60.9	49.8
<b>Parents' highest position at work</b>	<b>94.7</b>	
At least one working as a middle-level manager or higher	9.6	29.5
Farmers or regular factory workers	85.1	50.0
<b># Obs:</b>		<b>8,225</b>

Note: Sample is limited to those who are 18-44 years old and who live in urban China.

The survey only asks the political party membership of the survey respondent. In 5.3% of the sample households, the survey respondents are not the householders. In these cases, the survey respondent's party membership is used instead.



Table 4. The multinomial logit regression results for homeownership attainment (RRR)

Obs: Model: Pseudo R2:		8,225																							
		I						II						III						IV					
		0.162						0.009						0.028						0.172					
		Self-build		Special-access		Commercial		Self-build		Special-access		Commercial		Self-build		Special-access		Commercial		Self-build		Special-access		Commercial	
Variables	RRR	Robust Std. Err.	RRR	Robust Std. Err.	RRR	Robust Std. Err.	RRR	Robust Std. Err.	RRR	Robust Std. Err.	RRR	Robust Std. Err.	RRR	Robust t Std. Err.	RRR	Robust Std. Err.	RRR	Robust t Std. Err.	RRR	Robust Std. Err.	RRR	Robust Std. Err.	RRR	Robust Std. Err.	
Intercept	0.043 ***	0.022	0.036 ***	0.011	1.834 ***	0.050	0.311 ***	0.025	0.640 ***	0.040	1.464 ***	0.082	0.318 ***	0.030	0.560 ***	0.042	1.435 ***	0.092	0.071 ***	0.034	0.076 ***	0.026	0.244 ***	0.069	
<b>Sociodemographics</b>																									
Age groups (Omitted: 25-34)																									
18-24	0.760	0.253	0.487 *	0.197	0.881	0.198											0.723	0.242	0.471 **	0.156	0.829	0.181			
35-44	1.652 ***	0.271	2.055 ***	0.250	1.430 ***	0.148											1.433 **	0.242	1.847 ***	0.242	1.367 ***	0.141			
<b>Marital Status (Omitted: Currently married)</b>																									
Single	0.851	0.208	0.629 **	0.119	0.241 ***	0.037											0.752	0.185	0.614 **	0.116	0.253 ***	0.040			
Formerly married	0.388 **	0.144	0.530 **	0.150	0.449 ***	0.123											0.377 ***	0.139	0.523 **	0.147	0.463 ***	0.125			
<b>Educational Attainment (Omitted: Middle school only)</b>																									
College degree or better	0.775 *	0.136	1.299 *	0.198	2.171 ***	0.250											0.786	0.140	1.323 **	0.183	2.100 ***	0.239			
Less than middle school	0.752	0.180	0.910	0.181	0.359 ***	0.075											0.624 *	0.153	0.842	0.161	0.335 ***	0.068			
<b>Institutions</b>																									
Hukou (Omitted: migrants or hukou registered outside the local area)																									
Non-agricultural hukou registered in the local area	8.443 ***	1.642	12.660 ***	2.723	6.276 ***	0.788											7.599 ***	1.481	11.091 ***	1.771	6.166 ***	0.700			
Integrated hukou registered in the local area	11.451 ***	2.381	15.363 ***	1.957	3.612 ***	0.541											10.049 ***	3.166	13.262 ***	3.167	5.193 ***	1.102			
Agricultural hukou registered in the local area	10.885 ***	3.256	8.947 ***	4.594	5.346 ***	1.176											9.971 ***	2.198	8.572 ***	1.491	3.657 ***	0.531			
<b>Party membership (Omitted: Not a member )</b>																									
A member of the Chinese Communist Party (Communist Youth League of China and democratic parties)	1.181	0.243	1.158	0.050	1.082	0.136											1.202	0.253	1.213	0.202	1.079	0.139			
<b>Economics</b>																									
Household income (logged)	1.004	0.317	1.069 ***	0.023	1.096 ***	0.024											1.009	0.033	1.075 ***	0.023	1.095 ***	0.024			
Access to housing provident fund	0.734 *	0.140	1.190	0.187	1.291 **	0.150											0.804	0.150	1.161	0.156	1.307 **	0.148			
<b>Geography and mobility</b>																									
Regions (Omitted: West)																									
East	2.143 ***	0.362	1.308 *	0.191	1.652 ***	0.204											2.195 ***	0.393	1.320 *	0.192	1.410 ***	0.177			
Middle	1.447 *	0.245	1.193	0.148	0.882 *	0.119											1.506 **	0.311	1.223	0.187	0.726 **	0.097			
<b>Tiers (Omitted: Outside the first tier region)</b>																									
First tier region (Beijing, Shanghai, and Guangdong)	0.685 **	0.137	0.474 ***	0.079	0.387 ***	0.049											0.661 *	0.140	0.492 ***	0.083	0.392 ***	0.052			
<b>Migration (Omitted: Not moved in the last two years)</b>																									
Moved in the last two years	0.862	0.244	0.687 **	0.124	0.617 ***	0.090											0.817	0.237	0.671 **	0.128	0.615 ***	0.091			
<b>Parental financial support</b>																									
Borrowed money from parents for the largest housing-related expense (Omitted: Did not borrow.)							2.648 *	1.413	1.868	1.078	3.307 ***	1.144					2.808 *	1.624	1.630	1.034	2.692 **	1.106			
Received income transfer from parents and/or in-laws in the last year (Omitted: Did not receive.)							0.692 **	0.123	1.128	0.137	1.312 ***	0.129					0.702 *	0.133	1.022	0.136	1.052	0.113			
Provided income transfer to parents and/or in-laws in the last year (Omitted: Did not provide.)							0.654 ***	0.101	0.669 ***	0.074	1.064	0.093					0.760	0.132	0.666 ***	0.082	0.983	0.098			
<b>Parental attributes</b>																									
Whether at least one parent alive (Omitted: at least one alive)																									
No parents alive													2.182 ***	0.509	2.171 ***	0.441	1.546 **	0.324	1.456	0.388	1.342	0.335	1.161	0.274	
<b>Parents' educational attainment (Omitted: none completed middle school)</b>																									
At least one graduated from middle school or higher													0.346 ***	0.052	0.417 ***	0.047	0.728 ***	0.066	0.459 ***	0.072	0.536 ***	0.068	0.729 ***	0.075	
<b>Parents' Communist Party membership (Omitted: none is a member )</b>																									
At least one being a member of the Chinese Communist Party													0.873	0.181	1.095	0.154	1.342 **	0.164	0.833	0.185	0.911	0.146	1.146	0.158	
<b>Parents' hukou status (Omitted: Agricultural Hukou holders)</b>																									
At least one holding integrated or non-agricultural Hukou													1.866 ***	0.318	3.005 ***	0.357	2.224 ***	0.214	1.461 **	0.266	1.662 ***	0.225	1.177	0.130	
<b>Parents' highest position at work (Omitted: Farmers or regular factory workers)</b>																									
At least one working as a middle-level manager or higher													1.209	0.301	1.588 **	0.288	1.120	0.170	1.133	0.296	1.366	0.277	0.949	0.158	

\* p<0.10 \*\*p<0.05 \*\*\*p<0.01 Two-tailed tests

Note: Multinomial logit regression is used in the homeownership model. The sample is limited to those who are 18-44 years old. The baseline group is the renters. The reference group differs in the four models. In Model IV, the reference group (omitted group) is chosen to be aged 25–34 years, married, having only middle school education, having a agricultural Hukou which is registered outside the local area, having no access to housing provident fund, and living in the West and outside the first-tier region. Regarding parental effects, the reference group is chosen to be those who do not owe money from parents for housing related expenses, who did not receive income transfer from parents, who did not provide income transfer to parents, whose parent is alive, whose parents did not complete middle school, whose parents are not members of the Chinese Community Party, whose parents do not hold non-agricultural hukou or integrated hukou, whose parents were not senior managers or officials. The results are weighted based on the given sample weight.

**Table 5. The regression results for homeownership attainment (RRR) for 2013**

	Obs:	7,253	
	Pseudo R2:	0.169	
	Self-build	Special-access	Commercial
<b>Parental financial support</b>			
Borrowed money from parent (Omitted: Did not borrow)	0.303 ***	2.190 ***	2.752 ***
Received income transfer from parent (Omitted: Did not receive)	1.210 *	0.952	0.918
Provided income transfer to parent (Omitted: Did not provide)	0.756 ***	0.624 ***	0.872 *
<b>Parental attributes</b>			
No parents alive (Omitted: at least one alive)	5.698 ***	4.188 ***	2.510 ***
Parents' educational attainment (Omitted: none completed middle school)	0.668 ***	0.644 ***	0.934
Parents' Communist Party membership (Omitted: none is a member )	0.885	1.065	1.202 *
Parents' hukou status (Omitted: none holding non-agricultural Hukou or integrated Hukou)	1.492 ***	1.268 **	1.132
Parents' highest position at work (Omitted: none being a manager or government official)	1.195	1.102	1.054
* p<0.1 **p<0.05 ***p<0.01 Two-tailed tests			
Note: The baseline group is the renters. This model includes all of the control variables in Module IV.			

**Table 6. The multinomial logit regression results for homeownership attainment (RRR) in 2013 using the parental down payment support variable**

	Obs:	7,253	
	Pseudo R2:	0.206	
	Self-build	Special-access	Commercial
<b>Parental financial support</b>			
Received down payment support from parent (Omitted: Did not receive)	0.037 ***	0.661 **	4.133 ***
Received income transfer from parent (Omitted: Did not receive)	1.188	0.956	0.953
Provided income transfer to parent (Omitted: Did not provide)	0.778 **	0.634 ***	0.828 **
<b>Parental attributes</b>			
No parents alive (Omitted: at least one alive)	5.867 ***	4.151 ***	2.535 ***
Parents' educational attainment (Omitted: none completed middle school)	0.674 ***	0.649 ***	0.917
Parents' Communist Party membership (Omitted: none is a member )	0.903	1.058	1.142
Parents' <i>hukou</i> status (Omitted: none holding non-agricultural Hukou or integrated Hukou)	1.455 ***	1.261 **	1.170
Parents' highest position at work (Omitted: none being a manager or government official)	1.150	1.101	1.089
* p<0.1 **p<0.05 ***p<0.01 Two-tailed tests			
Note: The baseline group is the renters. This model includes all of the control variables in Module IV.			

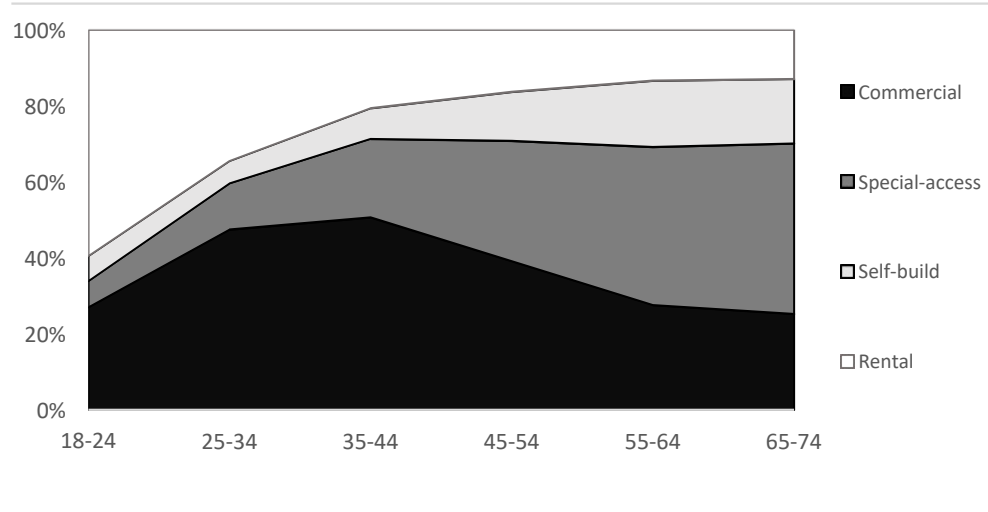
**Table 7. The regression results for homeownership attainment (RRR) for 2015 using the net flows variable**

	Obs:	8,225		
	Pseudo R2:	0.179		
		Self-build	Special-access	Commercial
<b>Economics</b>				
Logged net flows (household income + net income transfer)		1.032	1.101 **	1.255 ***
<b>Parental financial support</b>				
Borrowed money from parent (Omitted: Did not borrow)		2.889 *	1.669	2.894 **
Received income transfer from parent (Omitted: Did not receive)		0.726 *	1.024	1.034
Provided income transfer to parent (Omitted: Did not provide)		0.727 *	0.651 ***	0.955
<b>Parental attributes</b>				
No parents alive (Omitted: at least one alive)		1.448	1.377	1.215
Parents' educational attainment (Omitted: none completed middle school)		0.478 ***	0.539 ***	0.744 ***
Parents' Communist Party membership (Omitted: none is a member )		0.841	0.903	1.148
Parents' hukou status (Omitted: none holding non-agricultural Hukou or integrated Hukou)		1.393 *	1.645 ***	1.168
Parents' highest position at work (Omitted: none being a manager or government official)		1.001	1.349	0.913
* p<0.1 **p<0.05 ***p<0.01 Two-tailed tests				
Note: The baseline group is the renters. This model includes all of the control variables in Module IV.				

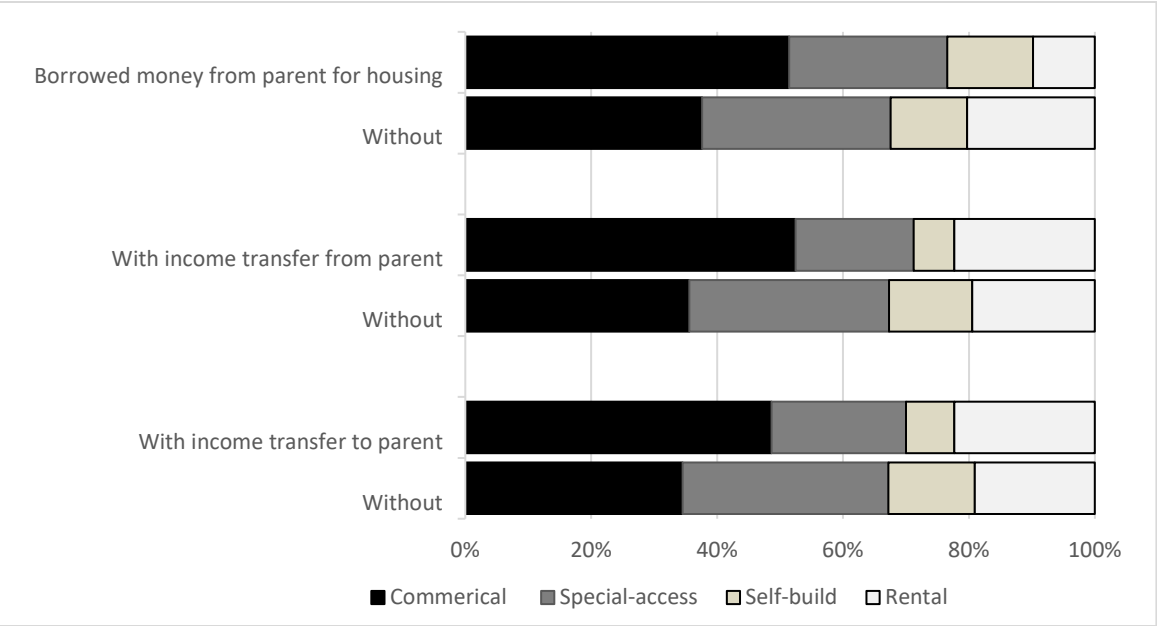
**Table 8. The multinomial logit regression results for homeownership attainment (RRR) among recent movers only in 2015**

	Obs:	810		
	Pseudo R2:	0.020		
		Self-build	Special-access	Commercial
Parental financial support				
Borrowed money from parent (Omitted: Did not borrow)		1.425 ***	1.918	4.162 **
Received income transfer from parent (Omitted: Did not receive)		0.713	0.918	1.623 *
Provided income transfer to parent (Did not provide)		0.492	0.793	0.897
* p<0.1 **p<0.05 ***p<0.01 Two-tailed tests				
Note: Movers refer to those who changed their residence in the last two years. The baseline group is the renters. This model does not control for any covariates.				

**Figure 1. Homeownership type by age group**



**Figure 2. Homeownership type by parental support and income transfers**



Note: The sample is limited to the households whose householders are 18-44 years old.